

Message Text

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ACTION IO-14

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E.O. 11652 N/A

TAGS: FAO, OCON

SUBJ: PROPOSAL FOR STRENGTHENING FAO ACTIVITIES AIMED AT REDUCING
HARVEST AND POST-HARVEST LOSSES (AGENDA ITEM 11)

1. TOPIC WAS INTRODUCED BY ASSISTANT DIRECTOR-GENERAL
BOMMER FOLLOWED BY COMMENTS OF CHAIRMEN OF PROGRAM AND FINANCE
COMMITTEES.

2. THE SUBJECT WAS ADDRESSED BY ABOUT 40 COUNTRY REPRESENTATIVES AND 4 OBSERVERS. WHILE THERE WAS UNANIMOUS SUPPORT FOR THE PROPOSED FAO PROGRAM ON POST-HARVEST LOSSES, OBJECTIONS TO THE MANNER OF FINANCING THE PROGRAM WERE RAISED BY A NUMBER OF DELEGATES. ADVERSE REACTION TO METHOD OF FUNDING, PARTICULARLY USE OF SUSPENSE ACCOUNT FUNDS WAS SPLIT ALONG DEVELOPED/DEVELOPING COUNTRY LINES, WITH NOTABLE EXCEPTION OF ARGENTINA WHO JOINED DEVELOPED COUNTRIES IN OPPOSING THIS FUNDING MECHANISM. OTHER COMMENTARY QUESTIONING PROPOSED METHOD OF FUNDING CAME FROM US, UK, FRANCE, NETHERLANDS, FINLAND, FRG, JAPAN, ITALY AND NEW ZEALAND CONCLUDING COMMENTS BY ACTING CHAIRMAN OF FINANCE COMMITTEE MENTIONED THE US BY NAME SAYING THAT MERE SUPPORT OF THE PROPOSAL WITHOUT FINANCIAL BACKING WAS NOT ENOUGH PARTICULARLY IN VIEW OF FORMER SECRETARY KISSINGER'S
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RAISING THE ISSUE AT THE 7TH UNGA SPECIAL SESSION AND PLEDGING US
SUPPORT.

3. THE UK DELEGATION SUGGESTED THAT THE COUNCIL MIGHT CONSIDER
UNANIMOUS SUPPORT OF THE PROGRAM BUT DEFER ACTION ON THE METHOD
OF FUNDING UNTIL THE 72ND COUNCIL SESSION JUST PRIOR TO THE CONFERENCE IN NOVEMBER.

4. THE DIRECTOR-GENERAL SENSING THE DIFFICULTY FOR MANY OF THE MAJOR DONORS IN ACCEPTING USE OF SUSPENSE ACCOUNT FUNDS TOOK UP THIS SUGGESTION IN HIS CLOSING REMARKS ON THE ISSUE. HE INDICATED THAT TIME COULD BE SPENT TO SUGGEST MODIFICATION OF THE LANGUAGE OF THE PROPOSED RESOLUTION IN CL 71/4 AND TO SEARCH FOR OTHER ALTERNATIVES ACCEPTABLE TO ALL DELEGATIONS.

5. HOWEVER, IN THE SUMMARY GIVEN BY THE INDEPENDENT CHAIRMAN IT WAS SUGGESTED THAT MODIFIED LANGUAGE ON THE RESOLUTIONS SHOULD BE DEBATED IN THE DRAFTING COMMITTEE OF THIS COUNCIL SESSION AND URGENT TRANSMITTAL OF A MODIFIED RESOLUTION TO THE CONFERENCE.

6. COMMENT: IT SEEMS LIKELY THAT ISSUE OF USE OF SUSPENSE ACCOUNT MONIES FOR POST-HARVEST LOSS FUND WILL NOT BE RESOLVED AT THIS COUNCIL SESSION BUT AT THE 72ND COUNCIL THIS NOVEMBER. WORK NEEDS TO BEGIN URGENTLY TO DEVELOP A VIABLE APPROACH TO THIS ISSUE BY THEN. OUR CURRENT POSITION OF OPPOSING PROPOSED METHOD BUT HAVING NOTHING TO SUGGEST IS PARTICULARLY DIFFICULT GIVEN U.S. INITIATIVE IN PROPOSING POST-HARVEST LOSS PRIORITY IN THE FIRST PLACE.

7. ONE POSSIBILITY WOULD BE A THREE-PRONGED APPROACH. FIRST CONCUR IN USE OF MORE REGULAR BUDGET FUNDS TO SUPPORT FAO HEAD-QUARTERS ACTIVITIES IN SUPPORT OF POST-HARVEST LOSS PROGRAM. SECOND, ESTABLISH A VOLUNTARY TRUST FUND FOR TECHNICAL ASSISTANCE IN SUPPORT OF COUNTRY ACTIVITIES. THIRD, ESTABLISH AN ATTRIBUTION ACCOUNT WHICH WOULD CREDIT COUNTRIES FOR DIRECT BILATERAL ASSISTANCE AND POSSIBLY ALSO ASSISTANCE BY INTERNATIONAL FINANCIAL INSTITUTIONS.

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TUTIONS IN SUPPORT OF POST-HARVEST LOSS REDUCTION. THIS PACKAGE COULD BE QUITE ATTRACTIVE AND MOBILIZE ASSISTANCE FROM A WIDE VARIETY OF SOURCES.

8. CRITICAL ISSUE IS HOW TO FINANCE AND MANAGE THE VOLUNTARY FUND. FAO SECRETARIAT WANTS TO USE DLR 10 MILLION SUSPENSE ACCOUNT MONIES AS INITIAL CONTRIBUTION TO A DLR 20 MILLION FUND. WE OBJECT TO THIS AS AN UNJUSTIFIED AND INAPPROPRIATE FINANCIAL PRACTICE. SOME LDC'S WANT TO USE ASSESSED BUDGET OF FAO AS SOLE SOURCE OF FINANCING. WE OBJECT TO THIS AS FURTHER EROSION OF THE PRINCIPLE THAT TECHNICAL ASSISTANCE SHOULD BE FUNDED THROUGH VOLUNTARY, NOT ASSESSED, CONTRIBUTIONS. BUT WE ARE LIKELY TO BE FORCED INTO ACCEPTING EITHER OF THESE TWO METHODS UNLESS WE CAN SUPPORT AN ATTRACTIVE ALTERNATIVE. IN THIS REGARD WE SEE THREE POSSIBILITIES, EACH OF WHICH HAS ADVANTAGES AND DISADVANTAGES.

9. FIRST, WE COULD PROPOSE ESTABLISHMENT OF A UNDP TRUST FUND WHICH WOULD USE FAO AS THE MAJOR EXECUTING AGENCY. THE

ADVANTAGE OF THIS APPROACH IS THAT IT WOULD PUT UNDP IN A CENTRAL AND COORDINATING ROLE. THE DISADVANTAGE IS THAT IT WOULD BE INTERPRETED WIDELY AS A GRATUITOUS SWIPE AT FAO, SINCE FAO, NOT UNDP HAS TAKEN THE LEAD IN PRESSING THIS ISSUE AND HAS BUILT A GREAT DEAL OF POLITICAL MOMENTUM BEHIND IT. IT IS HIGHLY UNLIKELY THAT THIS PROPOSAL WOULD SUCCEED.

10. SECOND, WE COULD PROPOSE AN FAO-ADMINISTERED TRUST FUND, BUT USE UNDP AS A FISCAL AGENT FOR OUR CONTRIBUTION AND SUGGEST THAT OTHERS MAY WISH TO DO THE SAME. THE ADVANTAGE OF THIS APPROACH IS THAT FAO COULD BE GIVEN MANAGEMENT AND COORDINATION ACTIVITIES BUT WE WOULD ENFORCE OUR VIEWS OF UNDP AS THE CENTRAL FUNDING SOURCE FOR UN TECHNICAL ASSISTANCE. THE DISADVANTAGE IS THAT UNDP'S COORDINATION AND MANAGEMENT ROLE COULD BE UNDETERMINED AND THE GESTURE OF USING NDP AS A FISCAL AGENT WOULD STILL BE INTERPRETED RIGHTLY OR WRONGLY AS A SWIPE AT FAO.

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11. FINALLY, WE COULD SIMPLY SUPPORT AN FAO TRUST FUND, RECOGNIZING THE IMPORTANCE AND LEADERSHIP ROLE FOR FAO IN THIS FIELD AND CLEARLY ESTABLISHING THE PRINCIPLE OF VOLUNTARY FUNDING FOR THE POST-HARVEST LOSS PROGRAM.HOLMES

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